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August 10, 2005

TO: Citizens' Oversight Committee

RE: TAM Auditor Selection Process & Appointment of Subcommittee to Participate in Auditor Selection – Agenda Item 10

Dear Oversight Committee:

Belvedere
Jerry Butler

Corte Madera
Melissa Gill

Fairfax
Lew Tremaine

Larkspur
Joan Lundstrom

Mill Valley
Dick Swanson

Novato
Pat Eklund

Ross
Jeanne Barr

San Anselmo
Peter Breen

San Rafael
Al Boro

Sausalito
Amy Belser

Tiburon
Alice Fredericks

County of Marin
Susan Adams
Hal Brown
Steve Kinsey
Charles McGlashan
Cynthia Murray

TAM is required by its Expenditure Plan and by PUC Code 180105(c) to have an annual financial audit conducted. The Citizens' Oversight Committee is tasked with reporting to the public on how TAM is spending sales tax funds and, per the Expenditure Plan, has access to the audit information and the auditor. As an adjunct to this access, and as a means of ensuring TAM's fiscal accountability and transparency, the selection of the auditor has also been identified as a responsibility of the Citizens' Oversight Committee.

Auditor Selection Process

The audit timeline generally begins at the end of the fiscal year (June 30th for TAM). In order to allow the Oversight Committee to select the auditor, this schedule was delayed. Consequently, as shown in the attachment ("Tentative Auditor Selection Schedule"), the proposed timeline for the selection process is fairly aggressive.

The Oversight Committee will be asked to review and approve a scope of work for the FY2004-2005 Financial Audit at the August 10th meeting. Once the scope has been approved, staff will issue an RFP for Auditing Services. As noted below, staff is recommending that the Oversight Committee appoint a Review Subcommittee to evaluate proposals, interview the top firms, and return to the full Oversight Committee at the next meeting with a recommended firm. Once the full Committee approves the successful firm, their recommendation will be presented to the TAM Commission for award of the contract.

Review Subcommittee

It is anticipated that the auditor selection process will require an additional time commitment of 8-10 hours. This includes review of the written proposals, meeting to determine the top respondents, and conducting interviews with up to three finalists. Rather than requesting this commitment of all Oversight Committee members, staff is recommending the appointment of a three-person Subcommittee to evaluate the candidate firms and return to the full Committee with their recommendation for approval.

Recommendation

1. Staff recommends that the Oversight Committee appoint an evaluation committee to review Auditor proposals, conduct interviews with the top three candidate firms, and return with their recommendation to the full Oversight Committee at the next meeting.
2. Staff further recommends that the Oversight Committee approve the proposed schedule outlined in the attachment, with the goal of obtaining TAM Commission approval of the audit firm at their September 22nd meeting.

Respectfully submitted,

Craig Tackabery
Executive Director

Attachment: Tentative Auditor Selection Schedule

Tentative Auditor Selection Schedule

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| • Oversight Committee approves Audit Scope and appoints Review Subcommittee | August 10 th |
| • Staff issues Auditing Services RFP | August 15 th |
| • Deadline for proposals | August 29 th |
| • Review Subcommittee determines finalists | Week of September 5 th |
| • Review Subcommittee conducts oral interviews with finalists | Week of September 12 th |
| • Review Subcommittee presents recommendation to full Oversight Committee for approval | TBD (prior to September 22 nd) |
| • Oversight Committee recommends auditing firm for TAM Commission approval | September 22 nd |
| • Staff notifies selected firm and begins contract negotiations | September 23 rd |
| • Contract date | October 3 rd |